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MEMORANDUM FOR:

[Redacted]
Assistant Legislative Counsel

SUBJECT : Draft General Accounting Office Report
on U.S. Export Licensing Administration

1. This is responsive to your request for comments on the subject GAO draft report.

2. The report is less tendentious than the last one published three years ago by GAO on export controls and provides a reasonably accurate portrayal of the problems of the export control system. GAO suggests several major organizational realignments to overcome the problems. Defense and State no doubt will disagree with some of the recommendations since their role in export licensing would be reduced in favor of Commerce.

3. The report makes two errors with respect to CIA's role: On Page 3, CIA is listed as a consultant to the trade controls effort as are Energy, State, and Defense, thus implying no distinction in the roles of the four agencies in export controls. Unlike the other agencies, CIA does not have voting powers in the inter-agency committees dealing with export controls (with the exceptions noted below), and is officially designated as intelligence advisor. Secondly, although it appears only in the Appendix, we would like to correct a statement made by Representative Edwards alleging that CIA has veto power over every sale in the semiconductor area which we frequently use. That is simply untrue. CIA has no veto power and has never voted on semiconductor cases. CIA votes only on those few items that might affect intelligence collection operations. We have voted to deny a case only once in the past three years.

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[Redacted]
PAUL V. WALSH
Associate Director-Management
National Foreign Assessment Center

Attachment:
GAO draft report